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April 21, 2006

\*ALSO ADMITTED IN TX  
\*\*ALSO ADMITTED IN VA

**VIA HAND DELIVERY**

The Honorable Charles L.A. Terreni  
Chief Clerk/Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive  
Columbia, South Carolina 29210

RE: Application of United Utility Companies, Inc. to relinquish certain portions of its  
authorized sewer service area in Oconee County, South Carolina

Dear Mr. Terreni:

Enclosed for filing are the original and ten (10) copies of the Petition to Relinquish  
Authorized Service Area of United Utility Companies, Inc., in the above-referenced matter. I would  
appreciate your acknowledging receipt of this document by date-stamping the extra copy of this letter  
that is enclosed and returning it to me via my courier delivering same.

If you have any questions or if you need any additional information, please do not hesitate  
to contact us.

Sincerely,

**WILLOUGHBY & HOEFER, P.A.**



Benjamin P. Mustian

BPM/kef  
Enclosure

cc: D. Sean Faulkner, Esquire (w/encl., via first-class U.S. mail)  
Honorable C. Dukes Scott (w/encl., via first-class U.S. mail)

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2006-122-S**

IN RE:

Application of United Utility  
Companies, Inc. to relinquish certain  
portions of its authorized sewer service area )  
in Oconee County, South Carolina )  
\_\_\_\_\_ )

**PETITION TO RELINQUISH  
AUTHORIZED SERVICE AREA**

United Utility Companies, Inc. ("Petitioner"), pursuant to S.C. Code Ann. § 58-5-210 (1976), 26 S.C. Code Ann. Regs. RR. 103-501 and 103-504 (Supp. 2005), and in accordance with 26 S.C. Code Ann. Regs. R. 103-836 (1976) hereby petitions the Commission for permission to relinquish certain portions of its authorized sewer service area in Oconee County, South Carolina. In support thereof, Petitioner would respectfully show as follows:

1. Petitioner is a public utility currently authorized to operate water and wastewater systems under the jurisdiction of the Commission in Oconee County, as well as the counties of Greenville, Spartanburg, Union, Greenwood and Anderson. Its corporate charter is presently on file with the Commission and an appropriate bond has been posted with same. A schedule of rates and charges for Petitioner's sewer service has previously been approved by the Commission in Docket No. 2000-210-W/S, Order No. 2004-254, dated May 12, 2004.<sup>1</sup>

2. On October 8, 2001, Petitioner filed with the Commission an application in Docket No. 2001-432-S to expand its service area to include four tracts of land totaling 47.21±

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<sup>1</sup> As the Commission is aware, Applicant has filed an application for adjustment of rates and charges and modifications to certain terms and conditions for the provisions of water and sewer service, which is pending before the Commission in Docket No. 2006-107-W/S.

acres located adjacent to Lake Keowee in an unincorporated area of Oconee County (“Property”). The Commission, in Order No. 2001-1106, approved the requested expansion of the service area.

3. The application in Docket No. 2001-432-S provided that wastewater facilities would be constructed by Keowee Townhouses, LLC (“LLC”) designed to serve a ninety-three (93) unit town home community, also to be constructed by LLC. Pursuant to this arrangement, Petitioner and LLC entered into an Agreement which provided, *inter alia*, that LLC would construct and convey to Petitioner the necessary wastewater facilities including wastewater drain fields, collection facilities, necessary easements or rights of way, and other assets required for Petitioner to provide wastewater utility services to the Property (the “Facilities”). The Facilities did not include any treatment facilities as the system was constructed to be permitted as an Onsite Sewerage System under regulations of the Department of Health and Environmental Control (“DHEC”). See 24A S.C. Code Ann. Regs. RR. 61-56 and 61-57 (Supp. 2005).

4. Subsequent thereto, LLC commenced construction of the Facilities. However, due to certain construction methods and practices employed by LLC’s contractor, the Facilities did not meet the specifications provided for under construction permits issued by DHEC and were not acceptable to the Petitioner for conveyance. In order for LLC to be able to place the Facilities into service, it was necessary that Petitioner and LLC enter into an agreement whereby Petitioner would provide utility **operator** services to a homeowners’ association formed by the LLC, Towne Homes on Keowee Homeowners’ Association (“HOA”), which HOA would in turn apply to this Commission for exemption from regulation as a provider of sanitary sewer transportation service pursuant to 26 S.C. Code Regs. R. 103-502.2 and .3 (Supp. 2002). This Agreement was submitted to the Commission in Docket No. 2003-312-S and, by Order No.

2003-666 (dated November 6, 2003) issued therein, the Commission granted the application of HOA for such an exemption. Pursuant to the authority granted therein, the HOA thereafter assumed responsibility for the provision of sewerage collection and transportation services to the residents of the Property, and the Petitioner assumed the responsibility of operating the facilities for the HOA as contemplated by the agreement submitted to the Commission in Docket No. 2003-312-S.

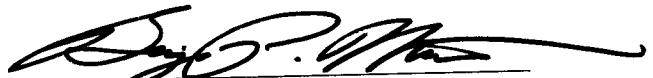
5. In April of 2005, LLC assigned its interest in the Property to IMK Development, LLC ("IMK"). On February 6, 2006, Petitioner was notified by counsel for IMK that it had terminated the Agreement and did not intend to transfer the Facilities as contemplated therein. IMK further offered to negotiate a new agreement whereby the Petitioner would continue to serve as an operator only of the Facilities for the HOA. Because long term operations service is not part of its business model, Petitioner informed IMK that it did not wish to enter such an agreement and that it would no longer provide operations service for the HOA. Petitioner ceased operating the Facilities on or about April 8, 2006, and has since been informed by IMK that it has retained the services of another operator to operate the Facilities.

6. As a result of the foregoing, Petitioner is not currently operating, and has never operated, a public utility serving customers situated on the Property. No permits to construct or operate the Facilities have ever been issued in Petitioner's name and neither the Facilities, nor any associated real property or easements have been conveyed to the Petitioner. Petitioner has never provided utility service to customers on the Property for compensation. As a result of IMK's actions, Petitioner no longer holds contractual rights or obligations with respect to the provision of utility services to the Property.

7. In light of these events, the inclusion of the Property in Petitioner's authorized service area is no longer appropriate. Petitioner is informed and believes that there are currently less than fifteen (15) residents of the Property being served by the Facilities. Petitioner submits that it is in the public interest that it be permitted to formally relinquish this territory and that the Commission's records and files be modified to reflect same. Residents of the Property will continue to receive service as members of the HOA in accordance with the exemption issued by the Commission in Order No. 2003-666. Accordingly, there will be no detrimental impact to the using and consuming public if the within petition is granted.

Wherefore, having fully set forth its Petition, UUC prays that the Commission grant the requested amendment of its service area to relinquish that area granted to it in Docket No. 2001-432-S; that, if no intervention is filed, hearing on the within matter be waived and that the within Petition be granted based upon the written documentation on file with the Commission; and for such other and further relief as the Commission may deem just and proper.

Respectfully submitted,



John M. S. Hoefer  
Benjamin P. Mustian  
**WILLOUGHBY & HOEFER, P.A.**  
1022 Calhoun Street, Suite 302  
Post Office Box 8416  
Columbia, SC 29202-8416  
803-252-3300

Attorneys for Petitioner

Columbia, South Carolina  
This 21<sup>st</sup> day of April, 2006.

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

**DOCKET NO. 2006-\_\_\_\_-S**

IN RE:

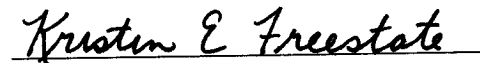
Application of United Utility  
Companies, Inc. to relinquish certain  
portions of its authorized sewer service  
area in Oconee County, South Carolina

**CERTIFICATE OF SERVICE**

This is to certify that I have caused to be served this day one (1) copy of the Petition to Relinquish Authorized Service Area by placing same in the care and custody of the United States Postal Service with first class postage affixed thereto and addressed as follows:

D. Sean Faulkner, Esquire  
**Roe Cassidy Coates & Price, P.A.**  
Post Office Box 10529  
Greenville, South Carolina 29603

Honorable C. Dukes Scott  
Executive Director  
**Office of Regulatory Staff**  
1441 Main Street, 3rd Floor (29201)  
Post Office Box 11263  
Columbia, South Carolina 29211

  
Kristin E. Freestate

Columbia, South Carolina  
This 21<sup>st</sup> day of April, 2006.